

Message Text

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PAGE 01 NEW DE 16314 172012Z
ACTION NEA-10

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-----024618 180348Z /72

R 171150Z NOV 77
FM AMEMBWCYSY NEW DELHI
TO SECSTATE WASHDC 7387
INFO USDOC WASHDC
AMCONSUL BOMBAY
/AMCONSUL CALCUTTA (POUCH)
AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 16314

E.O. 11652: N/A
TAGS: BGEN, IN
SUBJECT: SPERRY RAND DECISION TO LIQUIDATE INDIAN SUBSIDIARY

REF: CALCUTTA 2490; CALCUTTA 2228 (NOTAL)

1. MANAGING DIRECTOR OF REMINGTON RAND INDIA LTD. S.S. KAPUR CALLED ON COMMERCIAL COUNSELOR NOV 17 TO BRING EMBASSY UP-TO-DATE CONCERNING SPERRY RAND PLANS TO LIQUIDATE THEIR INTERESTS IN INDIA. THESE CONSIST OF MAIN PLANT IN CALCUTTA PRODUCING TSLEWRITERS AND OFFICE MACHINERY, EMPLOYING SOME 2,300 WORKERS AND SECOND PLANT AT FARIDABAD NEAR DELHI.

2. KAPUR EMPHASIZED SPERRY RAND DECISION NOT BASED BM DIFFICULTIES IN COMPLYING WITH FERA OR ECONOMIC CONSIDERATIONS, SINCE SPERRY RAND HAS ENJOYED GOOD BUSINESS IN INDIA OVER LAST SEVERAL YEARS AND ANTICIPATES EXCELLENT PROFITS THIS YEAR. RATHER, RAND DECISION DERIVES FROM COMPANY'S GLOBAL POLICIES FOR DIVESTMENT OF OFFICE MACHINERY PART OF ITS OPERATIONS.

3. AS CALCUTTA HAS REPORTED TO EMBASSY, SPERRY RAND PREV-
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IOUSLY CONCLUDED AN AGREEMENT WITH DUNCAN BROTHERS, A FIRM OF THE PROMINENT GOENKA GROUP, FOR SALE OF REMINGTON RAND INDIA. GOI HOWEVER, HAS REFUSED PERMISSION FOR SALE TO GOENKA ON GROUNDS THAT GOENKA IS A "LARGE MONOPOLY HOUSE". GOI REVERSE
DECISION NO DOUBT BASED IN PART ON SUPPORT GIVEN BY GOENKA TO PREVIOUS INDIRA GANDHI REGIME.

4. ALTHOUGH SPERRY RAND AND GOENKA WILL ATTEMPT TO OBTAIN REVERSAL OF GOI DECISION, KAPUR NOT OPTIMISTIC. HE IS NOW PREPARING SHORT LIST OF OTHER POSSIBLE BQXERS FBT PRELIMINARY INFORMAL SCRUTINY AND APPPROVAL BY GOI PRIOR TO ANY FURTHER NEGOTIATIONS. DURING VISIT TO EMXMSSY, KALAR NOTED GOOD RELATIONS WHICH THE FIRM HAS ENJOYED WITH GOI IN PAST AND ABSENCE OF DIFFICULTIES CONCERNING REMITTANCES TO U.S. SPERRY RAND HAS ALREADY SOLD OFF ALL PREFERRED STOCK OF REMINGTON RAND OF INDIA AND HOPES TO SELL REMAINING EQUITY AT DOUBLE THE PAR VALUE OF RS. 6 MILLION.

5. IN CONNECTION WITH DIVESTMENT PROCEDURES, SPERRY RAND PROJECT DIRECTOR CHARLES WOOD WILL VISIT INDIA IN DECEMBER WHEN HE WILL CALL AT EMBASSY. KAPUR ANTICIPATES NO PARTIULAR PROBLEMS OTHER THAN SOME FURTHER DELAY IN CHOICE OF NEW BUYER ACCEPTABLE TO GOI.
GOHEEN

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